

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24/25
Responses to the Department's Seventh Set of Information Requests

Request No. DTE 7-5 (Electric):

Refer to the Company's response to Information Request DTE 2-9. Please provide a table with two columns for the years 1995 through 2001, with one column representing Total Operating Revenues and the other column representing the energy costs. As part of this response, explain how, despite the decrease in kWh sales during 2001, the increase in energy costs during 2001 over 2000 levels results in an increase in operating revenues during 2001.

Response:

The table of the Operating Revenue and Energy Cost data from 1995 through 2001 is included as Attachment DTE 7-5 (Electric), Page 1 of 1.

For purposes of this response, and for consistent referencing, Energy Cost has been interpreted as Total Power Production Expenses, as reported on FERC Form 1, page 321 Line 80. (Within FGE, Total Power Production Expenses primarily reflect Purchased Power).

It should be noted that Operating Revenues include a Base Distribution component as well as a flow-through Energy Charge component. The Base Distribution component will tend to fluctuate with corresponding changes in total kWh distribution sales (including distribution sales for customers receiving external, competitive supply). The Energy Charge component of Operating Revenues, however, will fluctuate in response to changes in Energy Costs (primarily Purchased Power Expense). Thus, when Energy Cost increases exceed any decreases in Base Distribution revenues (generally corresponding to decreases in kWh distribution sales), total Operating Revenues will increase, despite the kWh decline.

Distribution sales, including those related to competitive supply, of 470,414,026 kWh in 2000 decreased to 456,493,176 kWh in 2001. Energy Costs (Total Power Production Expenses), however, increased from \$30,797,906 in 2000 to \$44,807,363 for 2001. Although the Base Distribution revenue component decreased from \$15,445,018 in 2000 to \$14,668,883 in 2001, Total Operating Revenues increased from \$30,797,906 in 2000 to \$44,807,363 in 2001.

Person Responsible: Mark Collin